

Report to the California Board for Professional
Engineers, Land Surveyors, and Geologists regarding
malpractice of engineering by Edward Henning

August 13, 2018

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¹Note that [blue text](#) indicates clickable links internal to this document whereas [green text](#) indicates clickable links to resources on the Internet.

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1 Synopsis

1. In this report I argue that licensed civil engineer Ed Henning is guilty of incompetence and/or negligence in the practice of civil engineering in relation to his work on various engineering reports prepared for the establishment of business improvement districts.
2. In support of this argument I contend that the preparation of such reports does in fact constitute the practice of civil engineering and is therefore under the regulatory jurisdiction of the Board for Professional Engineers, Land Surveyors, and Geologists.
3. Consequently I ask the BPELSG to investigate my allegations and, if appropriate, to impose sanctions on Ed Henning for his malpractice.

2 Background

2.1 Business improvement districts

4. Business improvement districts (“BIDs”) are a type of assessment district authorized by the [Property and Business Improvement District Law of 1994](#) (Streets and Highways Code §36600 et seq. – “the PBID law”).
5. The PBID law allows for three varieties of BIDs in California. The only type pertinent to this report is the so-called “property-based district.” When I refer to a BID in this report I am referring to a property-based district.
6. Like all assessment districts in California, the BID formation process is required by [Article XIID\(4\)\(b\)](#) of the California Constitution to include a report by a licensed professional engineer. This requirement is mirrored in the PBID law at [§36622\(n\)](#):

In a property-based district, a detailed engineer’s report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

2.2 Edward Henning

7. Edward Henning is a licensed civil engineer in California. His license number is 26549.

3 BID formation and the practice of civil engineering

3.1 BIDs provide municipal improvements

3.1.1 BIDs provide improvements

8. The PBID law at [§36601\(c\)](#), which is part of the declarations that outline the law’s purpose, states explicitly that one of these purposes is to allow BIDs to fund improvements:

It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.

9. The PBID law at [§36601\(h\)\(1\)](#) states implicitly that a purpose of the law is to allow BIDs to fund improvements:

The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

3.1.2 These improvements are municipal

3.1.2.1 What are municipal improvements in the context of BIDs?

10. As far as I can see, neither the PBID law nor [The Professional Engineers Act](#) (“PEA”). defines either “municipal” or “municipal improvements.” Thus I use a definition of “municipal” from the Oxford English Dictionary, which defines the word as describing a matter “[t]hat relates to the function of the local or corporate government of a city, town, or district.”²
11. As far as I can see, “improvements” are not defined in the PEA.
12. The PBID law defines “improvements” at [§36610](#):

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

² This is sense 2(a), which seems to be the only relevant sense.

13. Therefore in the context of BIDs municipal improvements are improvements as defined in the PBID law and listed in [Paragraph 12](#) above that are municipal in that they relate “to the function of the local or corporate government of a city” as explained in [Paragraph 10](#) above.

3.1.2.2 BIDs fund municipal improvements

14. First, the kinds of improvements that BIDs are meant to provide as listed above in [Paragraph 12](#) are prima facie municipal since they’re precisely the kind of projects that a local government of a city is meant to carry out.
15. Second, according to the PBID law [at §36622](#) the BID formation process requires a Management District Plan (“MDP”) that specifies precisely what the assessments are to be spent on. According to the statute this specification must include “[t]he improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof.”
16. Third, according to the PBID law [at §36624](#), before the BID is established, the City Council has the absolute right to revise the proposed improvements and other planned expenditures:

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments.

17. Therefore the City Council has the unfettered right to control the improvements on which BID assessments are spent. Even if they choose not to alter the proposed improvements, the fact that they have the right to do so means that the improvements are determined solely by the City Council. Thus these improvements relate “to the function of the local or corporate government of a city” and are therefore municipal.

3.1.2.3 These municipal improvements are in connection with fixed works

18. The phrase “fixed works” does not seem to be defined in the PEA. Thus I interpret it in its ordinary sense.
19. All the types of improvements listed above in [Paragraph 12](#) are fixed works except possibly some of those in subsections (b) and (e). I am not aware of any BID that limits itself to only these types of improvements.

3.2 Preparation of BID engineering reports is the practice of civil engineering

3.2.1 The argument from BPC §6731

20. Civil engineering is defined in the Business and Professions Code [at §6731\(e\)](#) in pertinent part thus:

Civil engineering embraces the following studies or activities in connection with fixed works for . . . municipal improvements . . . (e) The preparation or submission of . . . engineering reports.

21. I argue above in [Section 3.1](#) that BIDs provide municipal improvements. I argue above in [Section 3.1.2.3](#) that these municipal improvements are in connection with fixed works. Therefore engineering reports prepared for BID formation are “in connection with fixed works for . . . municipal improvements,” and therefore their preparation constitutes the practice of civil engineering.

3.2.2 The argument from BPC §6734

22. The BPC [at §6734](#) states:

Any person practices civil engineering when he professes to be a civil engineer or is in responsible charge of civil engineering work.

23. The verb “to profess” does not seem to be defined in the PEA. The most likely definition from the Oxford English Dictionary is:³

To make profession of, or claim to have knowledge of or skill in (some art, field, or science); to declare oneself expert or proficient in; to make (a thing) one’s profession or business.

24. As shown above in [Paragraph 6](#), the BPID law requires a licensed engineer to prepare the requisite engineering report. If a licensed civil engineer accepts money for preparing such a report then clearly they are making a business of being a licensed engineer and are therefore practicing engineering.
25. When a licensed civil engineer prepares an engineering report for a BID, the engineer signs it with his or her state-issued seal, which identifies its owner as a civil engineer in particular. Thus the licensed engineer is making a business of being a civil engineer in particular, and is therefore by virtue of the BPC at §6734 practicing civil engineering in particular.
26. When a licensed civil engineer prepares an engineering report for a BID, the engineer typically includes a statement like the following:⁴

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Venice Beach Business Improvement District (“Venice Beach BID”) being established for a five (5) year term will receive a special benefit over and

³ This is sense 6. Senses 1–4 have to do with religious vocations and/or various kinds of declarations. Only senses 5 and 6 have to do with the business of the person doing the professing, and sense 5 only relates to professors in the sense of teachers. Clearly the BPC doesn’t regulate professors, which leaves sense 6.

⁴ All of the reports with which I’m familiar contain statements essentially identical to the quoted instance. Every such report considered below as evidence contains precisely this statement, with only the specific name of the BID changed.

above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Here too the engineer is claiming to have knowledge of the skill of civil engineering in relation to the preparation of the report, the engineer declares expertise in this field, and at the same time makes the preparation of these reports part of her or his profession or business. For this reason as well the preparation of such reports constitutes the practice of civil engineering per the BPC at §6734.

3.3 The “simple math calculations” objection – a rebuttal

27. In May 2017 an earlier complaint against Edward Henning was rejected by the BPELSG on the theory that preparation of engineering reports did not constitute the practice of engineering:

Historically our Board has deemed these “tax assessment” reports not civil engineering work as defined by Business and Professions Code section 6731, but rather reports that contain simple math calculations.

28. The claim here seems to be that if a report contains simple math calculations then it is not civil engineering work. This would seem to mean that only reports which contain complex math calculations or no math calculations can potentially be civil engineering work.
29. That’s not sensible, though, since clearly any complex math calculation relies on some simple math calculations. If we take the claim at face value then only reports which contain no math calculations are potentially civil engineering work. That can’t be correct, so the original claim must mean something else. It probably means that drafting reports which contain only simple math calculations do not constitute the practice of engineering.
30. Also, since most of the conclusions that Edward Henning draws in the reports analyzed here are based on his extensive experience as a civil engineer, it’s quite plausible that they would only contain simple math calculations. For instance, it may take years of practice as an engineer to understand when to e.g. take the derivative of some function to solve a given problem in civil engineering. Taking the derivative of a function is generally a simple math calculation,⁵ but the application of the years of practice necessary to understand when that will solve the problem at hand are indisputably engineering work.
31. It’s not necessary to determine what, however, as BPC §6731 doesn’t say anything about math calculations. Thus by statute the presence or absence of math calculations in a piece of work are irrelevant to the question of whether or not it constitutes civil engineering work.

⁵ At least for elementary functions which, I believe but don’t know for sure, are all that’s necessary for civil engineering.

32. Interestingly but tangentially, it is possible to find journal articles which are indisputably civil engineering work per [BPC §6731\(c\)](#) that contain only simple math calculations. For instance [Study on scouring around bridge piers protected by collar using low density sediment](#) (Salamatian et al.) Volume 11, Issue 3 (Transaction A: Civil Engineering, September 2013) contains no mathematics more complex than plugging empirically obtained numerical values into a formula the most advanced component of which is a base 10 logarithm, part of the 10th grade curriculum in the United States.

4 The BPELSG has jurisdiction over this matter

33. The BPC at [§6775\(b\)\(c\)](#) gives the BPELSG the authority to investigate the actions of professional engineers with respect to deceit, misrepresentation, fraud, negligence, or incompetence committed in the practice of engineering.
34. This is a complaint about such actions on the part of a professional engineer with respect to the preparation of engineering reports for BID establishment.
35. I argued above in [Section 3](#) on page 4 that the preparation of such reports constitutes the practice of civil engineering.
36. Therefore the BPELSG has the authority to investigate the matters reported here and, if they're found to be violations of the PEA, to impose such sanctions as are just and necessary to protect the welfare of the people of California.

5 The malpractice of civil engineering

37. My allegations of malpractice are based on the Code of Ethics published by the American Society of Civil Engineering in 2017. The code is appended to this report as [Exhibit 2](#) on page 28.
38. Much of the argument in this section is based on analyses of recent engineering reports prepared by Edward Henning for various BID establishments. These reports are large PDFs and so are not included here in their entirety. All complete reports are available for download here:
 - (a) [Salinas BID report](#) – April 2015
 - (b) [South Los Angeles Industrial Tract BID \(“SLAIT BID”\) report](#) – May 2015
 - (c) [Venice Beach BID report](#) – June 2016
 - (d) [San Pedro BID report](#) – April 2017
 - (e) [South Park BID report](#) – April 2017
 - (f) [Historic Core BID report](#) – May 2018
 - (g) [Glendale BID report](#) – June 2018

5.1 General benefits within a given BID

5.1.1 Range of general benefits

39. One of the essential tasks of the engineer is to separate benefits that are special to the parcels being assessed from general benefits to the public at large who are not paying for them. Each of the reports considered here contains a statement about the expected proportion of the benefits created by a BID which end up being general benefits:
- (a) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs.” See [Exhibit 3](#) on page 33 (Salinas BID report p. 6, 2015.)
 - (b) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-3% of the total costs.” See [Exhibit 4](#) on page 35. (SLAIT BID report p. 7., 2015.)
 - (c) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs.” See [Exhibit 5](#) on page 37. (Venice BID report p. 15, 2016.)
 - (d) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs.” See [Exhibit 6](#) on page 39. (San Pedro BID report p. 11, 2017.)
 - (e) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs.” See [Exhibit 7](#) on page 41. (South Park BID report p. 11, 2017.)
 - (f) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs.” See [Exhibit 8](#) on page 43. (Historic Core BID report p. 7, 2018.)
 - (g) “Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs.” See [Exhibit 9](#) on page 45. (Glendale BID report p. 6, 2018.)
40. These claims are summarized in the following table:

BID	Date	Lower bound	Upper bound
Salinas	2015 April	1%	5%
SLAIT	2015 May	1%	3%
Venice	2016 June	2%	6%
San Pedro	2017 April	2%	6%
South Park	2017 May	2%	6%
Historic Core	2018 May	2%	6%
Glendale	2018 June	1%	5%

41. Note that the bottom of the given ranges varies from 1% to 2%. The top of the ranges varies from 3% to 6%. In each case this is a variation of 100% of the lower value. However, Henning gives no explanation for this wild variation over time. There isn't even a chronological trend visible. Henning fails to cite his source for this "empirical assessment engineering analysis" so that it's not possible to check his implausible statements.
42. Note that the May/June 2018 example is not the only instance of a wild variation over the course of a single month. Compare the April 2015 Salinas BID report's claim that the top of the range is 5% to the May 2015 SLAIT BID report's claim that it is 3%. This is a 40% decrease in the upper limit, again with the same justification given and again with no further explanation or evidence provided.
43. Canon 3b of the ASCE code of ethics states that:

Engineers shall be objective and truthful in professional reports, statements, or testimony. They shall include all relevant and pertinent information in such reports, statements, or testimony.

Clearly if the results of one's "empirical assessment engineering analysis" vary by 100% year over year, or even over a single month, as in the case of the May 2018 Historic Core BID report compared with the June 2018 Glendale BID report, an explanation is relevant. Not only does Henning fail to include this relevant, pertinent information, but he doesn't even note the variation. See [Exhibit 2](#) on page 28.

44. Although these numbers are absolutely small, e.g. 1% or 2%, the relative variation is huge. Also, since assessments cannot be used to fund general benefits, proportional amounts end up being deducted from assessments collected from taxpayers. For instance, the total budget of the Venice Beach BID is \$1.8 million. If the lower general benefit range changes from 1% to 2% the amount of assessments collected goes down by approximately \$18,000 per year, which even after it's distributed is not insignificant to the few hundred property owners who have to pay the money.

5.1.2 General benefit to the public at large

45. It is an essential part of the engineer's report to calculate the general benefit that will inure to the public at large as a result of the proposed BID's improvements. In each

of the seven reports by Ed Henning listed above, he begins this calculation with the statement that:

Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%.

There are a number of serious flaws in the conclusions that Henning draws from this claim.

5.1.2.1 Henning’s conclusions from BID boundaries are drawn incompetently

46. Even assuming for the sake of argument that Henning’s claim about “people moving about within BID boundaries” is accurate, it must be a claim about established BIDs. It cannot be about not-yet-established BIDs, because they’re not yet BIDs and therefore it is impossible for them to have been studied as entities.
47. Established BIDs have had their boundaries justified by an engineer’s report and accepted as sensible by the City in which the BID is located. However, any given engineer’s report concerns a BID which has not yet been established. This must be true, since the point of the engineer’s report is to argue that the BID’s boundaries make sense.
48. The [PBID Law at §36624](#) gives the City Council the right to modify BID boundaries in certain ways at will:

At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities.

Because established BIDs have undergone boundary vetting and potential modification from City Councils it’s not at all clear that facts about them and their boundaries extend to proposed, not yet vetted, BIDs. Nevertheless Henning assumes that they do.

49. Canon 3b of the ASCE Code of Ethics requires engineers to “include all relevant and pertinent information in . . . reports.” See [Exhibit 2](#) on page 28.
50. Canon 3c of the ASCE Code of Ethics states:

Engineers, when serving as expert witnesses, shall express an engineering opinion only when it is founded upon adequate knowledge of the facts, upon a background of technical competence, and upon honest conviction.

See [Exhibit 2](#) on page 28.

51. There is no “background of technical competence” which will allow drawing conclusions about one kind of entity, that is not-yet-established BIDs, by using facts about another kind of entity, that is already-established BIDs.
52. Furthermore, if it actually is the case that the facts about established BIDs do carry over to proposed BIDs, that this is so is certainly “relevant and pertinent information” left out of all of Henning’s reports.

5.1.2.2 The “over 95%” claim is contradicted by empirical evidence

53. As mentioned above, Henning claims that ‘the public at large “just passing through” [a BID] is typically much less than 5%.’ This is an important figure in assessment engineering of this sort. The higher the value, the more “general benefit” the BID will be providing with its activities and improvements. BIDs are forbidden from paying for general benefits out of assessments, so the higher the number of people “just passing through,” the more money they’ll have to come up with from sources other than assessments. It’s very much in the interest of BID proponents to have as low a general benefit rate as possible.

5.1.2.2.1 How many are just passing through each BID?

54. Subsequent to this statement, in each of the reports at issue, he makes a conclusion as to the percentage of people “just passing through” for each of the BIDs:

- (a) For the Salinas BID he concludes that it is 3%:

Based on this experience curve and the focused nature of the proposed Downtown Salinas CBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.03 of CBD funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large.

See [Exhibit 10](#) on page 47.

- (b) For the SLAIT BID he concludes that it is 0.5%:

Based on this experience curve, the focused nature of the proposed SLAIT BID funded programs, the non-pedestrian friendly industrial nature of the SLAIT BID and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.005 (0.5%) of BID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large.

See [Exhibit 11](#) on page 49.

- (c) For the Venice Beach BID he concludes it is 1%:

Based on this experience curve and the focused nature of the proposed Venice Beach BID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.01 (1%) of BID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large.

See [Exhibit 12](#) on page 51.

- (d) For the San Pedro BID he concludes it is 2%:

Based on experience curves and the nature of the proposed SPHWBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a conservative general benefit factor of 0.02 (2%) of PBID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large.

See [Exhibit 13](#) on page 54.

- (e) For the South Park BID he concludes it is 1%:

Based on this experience curve and the focused nature of the proposed renewed GSPBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.01 (1%) of GSPBID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large.

See [Exhibit 14](#) on page 56.

- (f) For the Historic Core he concludes it is 0.5% for some activities of the BID and 0.1% for others:

Based on this experience curve and the focused nature of the proposed HCBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the HCBID funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below.

See [Exhibit 15](#) on page 59.

- (g) For the Glendale BID he concludes it is 1.5% for some activities and 0.5% for some others:

Based on this experience curve and the focused nature of the proposed Greater Downtown Glendale CBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the CBD funded special benefit

program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below.

See [Exhibit 16](#) on page 61.

55. These claims are summarized in the following table:

BID	Percentage 1	Percentage 2	Percentage 3
Salinas	3.0%		
SLAIT	0.5%		
Venice	1.0%		
San Pedro	2.0%		
South Park	1.0%		
Historic Core	0.5%	0.1%	0.1%
Glendale	1.5%	0.5%	0.5%

56. Henning doesn't explain how he derived these figures other than from "over 30 years of assessment engineering experience."⁶ Nevertheless the variation is high, ranging from 0.5% in the case of the SLAIT BID to 3% in the case of Salinas – by a factor of 6. Henning doesn't provide any empirical evidence for his conclusions at all, even though the question of how many people are "just passing through" is obviously an empirical one.

5.1.2.2.2 Enumerating passers-through is an empirical matter (Robert Merrell)

57. So obviously is this an empirical matter that Henning's colleagues in the assessment engineering community routinely use empirical instruments such as surveys to determine the figures that Henning derives solely from past experience. For instance, consider the engineering report prepared in 2013 for the Byzantine Latino Quarter BID in Los Angeles by Robert Merrell.⁷ It's a large PDF [which can be downloaded here](#).

58. Merrell went so far as to hire an economist with a Ph.D. to design the survey he used:

As a component in the preparation of this Engineer's Report, Dr. William Whitney, a Ph.D. Economist with over 40 years experience in analytical modeling was engaged to develop a methodology to quantify special as opposed to general benefits associated with District Services. His work produced a survey that counted the number of individuals engaging in any type of commerce or residing in the District, and thus receiving special benefits of District Services and those not so engaged, and thus generally benefitting from District Services. In addition, Whitney's survey methodology provided a means of calculating the likelihood that its responses were an accurate reflection of the District's total population.

⁶ Except in the case of the SLAIT BID, where he mentions "the non-pedestrian friendly industrial nature of the SLAIT BID." This is an understatement and is discussed in detail below.

⁷ RCE #28100.

See [Exhibit 17](#) on page 63.

59. Merrell’s analysis of his survey results are quite detailed:

On February 28 and March 2, 2013 the Whitney survey was administered to pedestrians intercepted at separate random locations throughout the District. The survey asked respondents if they were engaged in any type of commercial activity (i.e. patronizing an eating establishment, shopping, visiting a professional or personal service business, or attending church or a school); or, lived within the District boundaries. A map of the proposed District was available. Every effort was made to include an unbiased cross section of participants. The survey included 565 initial respondents. Of those initial respondents, 19 were deemed to be invalid either because they did not respond to all of the questions or answered a single question twice and were not included in the final sample of 546 used to draw conclusions. Of those 546 valid survey responses, 95.42% indicated that they had or intend to engage in at least one of the described commercial activities within the District as opposed to simply “stroll, walk around, or make a transit connection” (i.e. just pass through the District) with no business purpose.

See [Exhibit 17](#) on page 63.

60. The conclusion that Merrell reaches is that 4.58% of the people found in the proposed district are “just passing through” and are not there to engage in business related to the proposed BID’s activities or improvements. While this is within Henning’s bound of more than 95% not “just passing through” (see [Paragraph 45](#) above), it is in no way “much less than 5%,” which Henning claims is “typical.” In fact, it is more than 50% higher than Henning’s highest such figure, 3% for the Salinas BID, and more than 900% of Henning’s lowest figure of 0.5%.⁸
61. Thus Merrell’s figure, which is supported by empirical analysis and for which all “relevant and pertinent information” is provided as required by ASCE ethical canon 3b,⁹ is significantly larger than Henning’s figures, which are unsupported by anything other than Henning’s experience. ASCE ethical canon 3c, quoted above, requires civil engineers to base their opinions on “adequate knowledge of the facts.” Henning’s claims differ so significantly from Merrell’s obviously fact-supported findings that they require much more support than Henning’s experience to be plausible. Either Henning’s claims are not supported by the facts or he’s left out a great deal of “relevant and pertinent information.”

5.1.2.2.3 Enumerating passers-through is an empirical matter (Kristen Lowell)

⁸ Henning’s various values of 0.1% are for highly specialized components of the proposed operations of the relevant BIDs and don’t really compare to Merrell’s more general figure, which is a whopping 4500% of Henning’s absolute lowest figure.

⁹ See [Exhibit 2](#) on page 28.

62. Robert Merrell is not alone in using actual empirical instruments to determine the number of people “just passing through.” Kristen Lowell, who also does a great deal of assessment engineering work for BID formation, also uses such surveys. For instance, the [Arts District BID ER](#) from 2014 states:

Since business and economic development encourages pedestrian traffic and presumably livability we need to quantify the number of people that are in the District that either engage in commerce and/or reside in the PBID. The Arts District Los Angeles contracted with Farrand Research to conduct intercept surveys within the PBID boundary to determine to what degree respondents engage in any type of business activity (going to a restaurant; shop for art related items; visit an art gallery; conduct personal business, e.g. visit a bank, beauty salon, tailor, dry cleaner; attend a performing arts event; attend school/take a class, attend a festival or special event). The survey included 397 participants, with a margin of error of 4.9%, and was conducted on December 20 and 22, 2012 at separate locations within the PBID with all efforts made to include an unbiased cross section of participants.

See [Exhibit 18](#) on page 66.

63. Lowell’s conclusion from the survey results are that 0% of the people interviewed were “just passing through,” although clearly 4.9% is within the stated margin of error. In this case Henning’s figures are not implausible compared to Lowell’s, but Lowell’s report lives up to the ASCE ethical canons by giving actual reasons for believing the figures.

5.1.2.3 Venice and the SLAIT BID – a comparison

64. I argued above in [Section 5.1.2.2.2](#) on page 15 and [Section 5.1.2.2.3](#) on page 16 that calculating the number of people just passing through a BID was a highly fact-dependent empirical matter. The argument there was based on different assessment engineers’ practice and so may be thought not to relate to the BIDs that Henning writes reports for.
65. In this section I argue for the same conclusion from specific facts about two of the BIDs that Henning has written reports for – the Venice Beach BID and the South Los Angeles Industrial Tract BID.
66. It’s important to note that in this section I am not arguing that Henning’s results are wrong, but rather that, given the unique character of these two BIDs, his exposition omits a vast quantity of relevant and pertinent information and is very unlikely to be based on an adequate knowledge of the facts.

5.1.2.3.1 Background

67. These two neighborhoods are each unique in the City of Los Angeles, and possibly in the entire state of California. They are as different from one another as any two neighborhoods in the City and possibly the entire state.

68. Venice Beach is one of the state’s premier tourist attraction. According to the Venice Chamber of Commerce, over 10,000,000 people a year visit the neighborhood.¹⁰
69. The South Los Angeles Industrial Tract, on the other hand, is a rectangle consisting of more than 200 acres in the heart of South Los Angeles comprising businesses engaged in light industry, recycling, food truck commissaries, pallets, furniture manufacturing, and so on. According to a recent study by the Urban Land Institute there are approximately 4,000 people employed there.¹¹ The SLAIT is bounded on all four sides by residential neighborhoods.

5.1.2.3.2 Just passing through the SLAIT BID

70. Henning notes in his report on the SLAIT BID that it is not pedestrian friendly. In one sense this is true. There are no retail brick-and-mortar businesses in the interior of the BID, although there are plenty on the edges of the BID, especially at its Northeast corner, which comprises a large shopping center. Also many of the streets in the interior of the district lack sidewalks.
71. While it’s certainly possible that Henning is correct in stating that only one out of 200 people moving about in the BID isn’t there to do business with the assessed properties, it’s pretty likely that he’s wrong.
72. There are many East/West streets through the heart of the BID. Beginning at 58th Drive down to 64th Street and then Gage Avenue, there are 10 routes through the BID that connect the residential neighborhoods along Avalon Blvd. to the West and Central Ave. to the East. See [Exhibit 21](#) on page 73 for a map of the BID.
73. It seems entirely plausible to me that many residents to the West or to the East of the BID cut through it to get to the other side. I myself have done this when changing buses or walking through the BID to eat at the unique collection of food trucks to be found there.¹²
74. Henning takes “the non-pedestrian friendly industrial nature of the SLAIT BID” as evidence that the number of passers-through is low. It can as easily be seen as evidence that the number of passers-through is high. Aside from times when work is beginning or ending it’s likely that *all* pedestrians in the BID are just passing through, especially given that the BID is surrounded on all four sides by residential neighborhoods, which typically have high numbers of pedestrians just passing through them. What else would pedestrians be doing in this BID?
75. Furthermore, in another instance of Henning’s seeming failure to be guided by location-specific knowledge, he doesn’t seem to have accounted for the fact that many, many

¹⁰ See <http://venicechamber.net/visitors/about-venice/> (retrieved on June 21, 2018).

¹¹ See [The Goodyear Tract](#) (retrieved June 21, 2018). Note that “Goodyear Tract” is a synonym for “South Los Angeles Industrial Tract”.

¹² Patronizing food trucks can’t count as “doing business” in the BID since they aren’t assessed and they’re located on public streets, which are not assessed.

more people in South Los Angeles rely on bicycles for their primary mode of transportation than elsewhere in Los Angeles.¹³ It's my impression, based on a lot of time spent in the area, that plenty of people cut through the BID along an East/West axis on bikes without being employed or engaged in business in the BID.

76. The point is that spending time in this BID makes it clear that the question of how many people are “just passing through” is not going to be solved in an office many miles away from the BID. A priori arguments can be made for both a high number and for a low number of people “just passing through.” If an engineer is to base an opinion on this matter about this BID on “an adequate knowledge of the facts” a visit is necessary. If Henning did in fact visit the BID, and there is no reason to think that he did given that his summary of the evidence is word-for-word identical to all his other reports, then he certainly omitted significant relevant and pertinent information about the process by which he formed his judgments about this BID.

5.1.2.3.3 Just passing through the Venice Beach BID

77. As mentioned above in [Paragraph 68](#), Venice Beach attracts more than 10,000,000 visitors per year. This rounds to about 28,000 per day.¹⁴ According to Henning's calculations,¹⁵ then, about 280 people per day pass through the Venice Beach BID without intending to do business at any of the assessed properties.
78. As explained above, Henning's calculation is not based on empirical facts. While it is possible that Henning is correct in stating that only 280 people per day cross BID territory without intending to engage in business, it's very likely that he's wrong and that empirical analysis would reveal the error.
79. Consider the map of the BID found in [Exhibit 22](#) on page [75](#). The regions marked with colored shapes are residential areas not included in the BID (except for the area marked with the orange diamond, which is the commercial strip along Abbott Kinney Blvd., which is not included in the BID for other reasons).
80. The residential areas around the BID seem to constitute about a fourth of the total area of Venice, whose population is about 36,000. We can assume that about 9,000 people live in the non-BID residential areas shown on the map.¹⁶ If only very slightly more than 3% of those residents go to the beach on any given day without engaging in business, e.g. to walk their dogs, swim, sunbathe, and so on, that already accounts for Henning's 280 visitors. Presumably part or all of the reason people choose to live near the beach is so that they can go to the actual beach, so 3% per day doesn't seem unlikely at all.

¹³ For instance, see [Inside L.A.'s other cycling world no helmet, no cars and not much money for repairs](#) by Steve Lopez in the L.A. Times, April 21, 2018.

¹⁴ Presumably this is higher during the summer and therefore lower other times of year, but I don't have any data on that.

¹⁵ See [Paragraph 54c](#).

¹⁶ Keep in mind that this analysis isn't meant to be exact, it's meant to show that without looking at actual facts, it's possible to paint a picture that's quite different from Henning's.

81. Furthermore, the residential areas marked on the map with the green star, the blue circle, and the red square are all subject to weekly street cleaning by the City. This means that on a predictable day at a predictable time every week all the street parking spaces in each neighborhood are available, which is a rare and valuable phenomenon near the beach in Los Angeles. Parking in those neighborhoods is mostly not time-limited, so that beachgoers who understand the street cleaning schedule are able to park for free and walk through the BID to the beach rather than paying up to \$25 at commercial parking lots in the BID.¹⁷ Anyone who has ever done this sees hundreds of other people doing it also, which also casts some doubt on the plausibility of Henning’s calculations. Again, Henning might be correct, but without empirical study it’s impossible to know.
82. Additionally, Abbott Kinney Blvd., marked with an orange diamond on the map and not part of the BID, is a major business area. It’s full of restaurants, bars, and coffee places as well. It’s not unusual among non-tourist beachgoers to park in one of the areas I discussed above, walk through the BID to get to the beach to swim, and then walk back through the BID intending to eat on Abbott Kinney, away from the most aggravating tourists, who are universally found on Ocean Front Walk in the BID. The point is that one need not even assume that people passing through the BID without intending to do business in the BID are in Venice without intending to do business at all. They may well be intending to do it on Abbott Kinney.
83. As above, the point is less that Henning’s figure of 280 passers-through per day is low, although it does seem implausibly low, than that the situation in Venice is too complex to be understood without visiting the area on multiple occasions, preferably at different times of the year, different days of the week, and different times of day. Obviously it is necessary to do some kind of statistically valid survey as well, if one is to understand the purposes of people moving about in the area of this proposed BID.

5.2 The Venice Post Office

84. The Venice Post Office is located at 1601 Main Street, Venice, CA 90291. It was owned by the federal government until 2012 when it was sold to a private owner. Its assessor’s parcel number (“APN”) is 4238014017.
85. During the Venice BID formation process, the Post Office was initially assessed at \$0. In June 2015 Tara Devine, the consultant who was coordinating the BID formation process, talked to Ed Henning about this parcel and they subsequently removed it from the BID entirely. See [Exhibit 19](#) on page 69 for an email between Devine, Henning, and some City staff stating that this is the case.

¹⁷ It’s true that the area South of Washington, marked with the red square, gives access to the beach without walking through the BID, but it’s generally easier to walk North across Venice Blvd. through the City-owned parking lots, which are part of the BID, to get to the better swimming areas North of Venice Blvd.

86. Sometime after that, however, for reasons that I have not been able to discover, the Post Office was replaced in the BID and assessed at \$21,584.96. See [Exhibit 20](#) on page [71](#) for the individual page from the final version of Henning's report. The Post Office appears on the very first line of the table.
87. I have not been able to discover why any of this happened. It's tempting to think that maybe originally the Post Office was assessed at \$0 because Henning or Devine thought that it was still federally owned. However, by state law federally owned properties are not exempt from assessment. In particular, the PBID Law [at §36622\(k\)\(2\)](#) states unequivocally that:

Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

Therefore if the Post Office was initially assessed at \$0 there must have been a demonstration that the parcel wouldn't benefit from the BID.

88. When Ed Henning submitted the final version of this report, right at the beginning, directly above his signature and his official seal, the following statement appears:

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Venice Beach Business Improvement District ("Venice Beach BID") being established for a five (5) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

89. According to this statement, a version of which Henning must have been willing to affix to his earlier drafts of the ER at the time that he wrote them, when the Post Office was in the BID but assessed at \$0 then that parcel must have been slated to receive no benefits from the BID. Later, Henning was willing to remove the property at the behest of his employer, Tara Devine. Finally he replaced the parcel and signed a certification stating that the parcel would receive more than \$21,000 in benefits from the BID.
90. However, the situation of the parcel did not change during these fluctuations. The zoning of the parcel did not change. The ownership did not change. Nothing about the parcel changed. Therefore nothing about the benefits to the parcel changed either. Giving Henning the benefit of the doubt we can assume that his initial theory that the parcel should be assessed at \$0 was wrong and that his later claim that it would receive more than \$21,000 worth of benefits was correct.

91. However, for a professional engineer, one who relies time and time again on his more than 30 years of experience in assessment engineering as the sole support for his claims, to have made such a large-scale error is unexpected. He must have had some highly plausible reason for originally thinking the parcel wouldn't benefit.
92. Additionally there must have been some evidence that convinced him to change his mind and made him realize that the parcel would actually benefit to the tune of more than \$21,000. The fact that he himself, an engineer with more than 30 years of experience, was fooled even briefly makes this evidence relevant. And yet there's no discussion at all of this episode in his report.
93. Thus it's likely that Henning omitted "relevant and pertinent information" in violation of ASCE ethical canon 3b,¹⁸ additionally, it's likely that he did not base his opinion on an "adequate knowledge of the facts" in violation of ASCE ethical canon 3c. He certainly did not provide any of the facts upon an adequate knowledge of which he based his opinion. Whichever it is the case of this particular parcel shows that Henning violated the norms of his profession, which is at the least incompetence.

5.3 Conclusion

94. As shown above, the engineering reports that Edward Henning prepares for BID formation projects routinely omit "relevant and pertinent information" in violation of ASCE ethical canon 3b.
95. His reports are self-plagiarized and fail to account for any of the unique characteristics of the places he's putatively analyzing. For this and other reasons shown above Henning routinely fails to base his opinions on an "adequate knowledge of the facts" in violation of ASCE ethical canon 3c.
96. Henning fails to provide sufficient evidence of his conclusions even in cases where his colleagues in the assessment engineering community do provide such evidence. Two instances of this, where Henning does not do any empirical analysis at all to determine how many people are "just passing through" one of his proposed BIDs while his colleagues do precisely such analysis, are shown above in [Section 5.1.2.2.2](#) and [Section 5.1.2.2.3](#). Between them, Henning, Merrell, and Lowell have prepared approximately 90% of the engineering reports for Los Angeles BID formations. Thus Henning's failure to support his conclusions is an outlier in the Los Angeles BID engineering community.
97. Failing to adhere in practice to the ethical standards of one's profession constitutes negligence and/or incompetence, and is therefore subject to sanctions by the BPELSG. Failing to carry out the kind of analysis that other competent members of one's profession also constitutes incompetence.

¹⁸ See [Exhibit 2](#) on page 28.

6 Requested action

98. I request that the BPELSG find that the preparation of engineering reports in connection with BID establishment does in fact constitute the practice of civil engineering.
99. I request that, on the basis of the above finding, the BPELSG investigate my allegations against Ed Henning.
100. Should the BPELSG find that Henning's work on BID engineering reports did in fact constitute malpractice due to incompetence and/or negligence, that appropriate sanctions be imposed in order to protect the well-being of the people of California.
101. Finally, regardless of the disposition of this matter, I ask that the BPELSG dedicate the level of process due to these allegations which, at a minimum, ought to include detailed, fact-specific responses to my claims.

7 Exhibits

7.1 Exhibit 1 – May 31, 2017 – BPELSG response to earlier complaint against Ed Henning



BOARD FOR PROFESSIONAL ENGINEERS, LAND SURVEYORS, AND GEOLOGISTS

2535 Capitol Oaks Drive, Suite 300, Sacramento, California, 95833-2944

Telephone: (916) 263-2222 - Toll Free: 1-866-780-5370

Facsimile: (916) 263-2246

www.bpelsg.ca.gov



May 31, 2017

RE: Board Enforcement Case No. 2017-01-030/Henning

The Board of Professional Engineers, Land Surveyors, and Geologists has reviewed the complaint you filed against Edward Henning, C 26549 alleging Mr. Henning made numerous false and contradictory statements, omissions, mistakes, and may have committed fraud in his preparation of the Venice Beach Business Improvement District Assessment Engineer's Report.

The Board for Professional Engineers, Land Surveyors, and Geologists Enforcement Unit is charged with the authority to enforce the Professional Engineers Act, Professional Land Surveyors Act, and the Geologist and Geophysicist Act. As such, we investigate complaints against professional engineers, land surveyors, geologist/geophysicists related to their practice of professional engineering services and also investigate unlicensed individuals for the practicing without legal authorization in those referenced disciplines, pursuant to California statute.

Mr. Henning is a licensed civil engineer and thus is licensed to practice civil engineering in California pursuant to the Professional Engineers Act. The "Act" defines the practice of civil engineering to include the definitions found in the Professional Engineers Act, Business and Professions Code section 6731.

In regards to your complaint, Article XIII D of the California Constitution (Proposition 218) does require that a detailed engineering report be prepared by a "Professional Engineer" licensed by this Board to support the special property related fees and assessments, but just because Proposition 218 requires the assessment report be prepared by a licensed professional engineer, it does not mean that the assessment is the practice of civil engineering, as defined in Business and Professions Code section 6731. The Board Enforcement Unit can only investigate Mr. Henning's civil engineering work, as defined in Business and Professions Code section 6731.

Historically, our Board has deemed these "tax assessment" reports not civil engineering work as defined by Business and Professions Code section 6731, but rather reports that contain simple math computations.

Article XIII D contains provisions outlining the process that property owners are to use if they wish to appeal the assessments, including the information contained in the engineering report. These provisions do not give any authority to this Board to determine whether or not the reports


are valid or should be used to determine the assessments. Therefore, it is not within the Board's authority to investigate the validity of the engineering reports or how they are used in making the assessments.

Absent the practice of civil engineering, as defined in Business and Professions Code section 6731, this Board has no authority over the work prepared by Mr. Henning as shown in the Venice Business Improvement District Assessment report.

As a result, we have closed this case.

If you have further questions, you may contact me at 916.263-2253 or at Jackie.Lowe@dca.ca.gov.

Sincerely,



JACQUILINE LOWE
Enforcement Analyst

7.2 Exhibit 2 – ASCE Code of Ethics

Fundamental Principles²

Engineers uphold and advance the integrity, honor and dignity of the engineering profession by:

1. using their knowledge and skill for the enhancement of human welfare and the environment;
2. being honest and impartial and serving with fidelity the public, their employers and clients;
3. striving to increase the competence and prestige of the engineering profession; and
4. supporting the professional and technical societies of their disciplines.

Fundamental Canons

1. Engineers shall hold paramount the safety, health and welfare of the public and shall strive to comply with the principles of sustainable development³ in the performance of their professional duties.
2. Engineers shall perform services only in areas of their competence.
3. Engineers shall issue public statements only in an objective and truthful manner.
4. Engineers shall act in professional matters for each employer or client as faithful agents or trustees, and shall avoid conflicts of interest.
5. Engineers shall build their professional reputation on the merit of their services and shall not compete unfairly with others.
6. Engineers shall act in such a manner as to uphold and enhance the honor, integrity, and dignity of the engineering profession and shall act with zero-tolerance for bribery, fraud, and corruption.
7. Engineers shall continue their professional development throughout their careers, and shall provide opportunities for the professional development of those engineers under their supervision.
8. Engineers shall, in all matters related to their profession, treat all persons fairly and encourage equitable participation without regard to gender or gender identity, race, national origin, ethnicity, religion, age, sexual orientation, disability, political affiliation, or family, marital, or economic status.

Guidelines to Practice Under the Fundamental Canons of Ethics

Canon 1.

Engineers shall hold paramount the safety, health and welfare of the public and shall strive to comply with the principles of sustainable development in the performance of their professional duties.

- a. Engineers shall recognize that the lives, safety, health and welfare of the general public are dependent upon engineering judgments, decisions and practices incorporated into structures, machines, products, processes and devices.
- b. Engineers shall approve or seal only those design documents, reviewed or prepared by them, which are determined to be safe for public health and welfare in conformity with accepted engineering standards.
- c. Engineers whose professional judgment is overruled under circumstances where the safety, health and welfare of the public are endangered, or the principles of sustainable development ignored, shall inform their clients or employers of the possible consequences.
- d. Engineers who have knowledge or reason to believe that another person or firm may be in violation of any of the provisions of Canon 1 shall present such information to the proper authority in writing and shall cooperate with the proper authority in furnishing such further information or assistance as may be required.

- e. Engineers should seek opportunities to be of constructive service in civic affairs and work for the advancement of the safety, health and well-being of their communities, and the protection of the environment through the practice of sustainable development.
- f. Engineers should be committed to improving the environment by adherence to the principles of sustainable development so as to enhance the quality of life of the general public.

Canon 2.

Engineers shall perform services only in areas of their competence.

- a. Engineers shall undertake to perform engineering assignments only when qualified by education or experience in the technical field of engineering involved.
- b. Engineers may accept an assignment requiring education or experience outside of their own fields of competence, provided their services are restricted to those phases of the project in which they are qualified. All other phases of such project shall be performed by qualified associates, consultants, or employees.
- c. Engineers shall not affix their signatures or seals to any engineering plan or document dealing with subject matter in which they lack competence by virtue of education or experience or to any such plan or document not reviewed or prepared under their supervisory control.

Canon 3.

Engineers shall issue public statements only in an objective and truthful manner.

- a. Engineers should endeavor to extend the public knowledge of engineering and sustainable development, and shall not participate in the dissemination of untrue, unfair or exaggerated statements regarding engineering.
- b. Engineers shall be objective and truthful in professional reports, statements, or testimony. They shall include all relevant and pertinent information in such reports, statements, or testimony.
- c. Engineers, when serving as expert witnesses, shall express an engineering opinion only when it is founded upon adequate knowledge of the facts, upon a background of technical competence, and upon honest conviction.
- d. Engineers shall issue no statements, criticisms, or arguments on engineering matters which are inspired or paid for by interested parties, unless they indicate on whose behalf the statements are made.
- e. Engineers shall be dignified and modest in explaining their work and merit, and will avoid any act tending to promote their own interests at the expense of the integrity, honor and dignity of the profession.

Canon 4.

Engineers shall act in professional matters for each employer or client as faithful agents or trustees, and shall avoid conflicts of interest.

- a. Engineers shall avoid all known or potential conflicts of interest with their employers or clients and shall promptly inform their employers or clients of any business association, interests, or circumstances which could influence their judgment or the quality of their services.
- b. Engineers shall not accept compensation from more than one party for services on the same project, or for services pertaining to the same project, unless the circumstances are fully disclosed to and agreed to, by all interested parties.
- c. Engineers shall not solicit or accept gratuities, directly or indirectly, from contractors, their agents, or other parties dealing with their clients or employers in connection with work for which they are responsible.
- d. Engineers in public service as members, advisors, or employees of a governmental body or department shall not participate in considerations or actions with respect to services solicited or provided by them or their organization in private or public engineering practice.
- e. Engineers shall advise their employers or clients when, as a result of their studies, they believe a project will not be successful.

- f. Engineers shall not use confidential information coming to them in the course of their assignments as a means of making personal profit if such action is adverse to the interests of their clients, employers or the public.
- g. Engineers shall not accept professional employment outside of their regular work or interest without the knowledge of their employers.

Canon 5.

Engineers shall build their professional reputation on the merit of their services and shall not compete unfairly with others.

- a. Engineers shall not give, solicit or receive either directly or indirectly, any political contribution, gratuity, or unlawful consideration in order to secure work, exclusive of securing salaried positions through employment agencies.
- b. Engineers should negotiate contracts for professional services fairly and on the basis of demonstrated competence and qualifications for the type of professional service required.
- c. Engineers may request, propose or accept professional commissions on a contingent basis only under circumstances in which their professional judgments would not be compromised.
- d. Engineers shall not falsify or permit misrepresentation of their academic or professional qualifications or experience.
- e. Engineers shall give proper credit for engineering work to those to whom credit is due, and shall recognize the proprietary interests of others. Whenever possible, they shall name the person or persons who may be responsible for designs, inventions, writings or other accomplishments.
- f. Engineers may advertise professional services in a way that does not contain misleading language or is in any other manner derogatory to the dignity of the profession. Examples of permissible advertising are as follows:
 - Professional cards in recognized, dignified publications, and listings in rosters or directories published by responsible organizations, provided that the cards or listings are consistent in size and content and are in a section of the publication regularly devoted to such professional cards.
 - Brochures which factually describe experience, facilities, personnel and capacity to render service, providing they are not misleading with respect to the engineer's participation in projects described.
 - Display advertising in recognized dignified business and professional publications, providing it is factual and is not misleading with respect to the engineer's extent of participation in projects described.
 - A statement of the engineers' names or the name of the firm and statement of the type of service posted on projects for which they render services.
 - Preparation or authorization of descriptive articles for the lay or technical press, which are factual and dignified. Such articles shall not imply anything more than direct participation in the project described.
 - Permission by engineers for their names to be used in commercial advertisements, such as may be published by contractors, material suppliers, etc., only by means of a modest, dignified notation acknowledging the engineers' participation in the project described. Such permission shall not include public endorsement of proprietary products.
- g. Engineers shall not maliciously or falsely, directly or indirectly, injure the professional reputation, prospects, practice or employment of another engineer or indiscriminately criticize another's work.
- h. Engineers shall not use equipment, supplies, laboratory or office facilities of their employers to carry on outside private practice without the consent of their employers.

Canon 6.

Engineers shall act in such a manner as to uphold and enhance the honor, integrity, and dignity of the engineering profession and shall act with zero-tolerance for bribery, fraud, and corruption.

- a. Engineers shall not knowingly engage in business or professional practices of a fraudulent, dishonest or unethical nature.
- b. Engineers shall be scrupulously honest in their control and spending of monies, and promote effective use of resources through open, honest and impartial service with fidelity to the public, employers, associates and clients.
- c. Engineers shall act with zero-tolerance for bribery, fraud, and corruption in all engineering or construction activities in which they are engaged.
- d. Engineers should be especially vigilant to maintain appropriate ethical behavior where payments of gratuities or bribes are institutionalized practices.
- e. Engineers should strive for transparency in the procurement and execution of projects. Transparency includes disclosure of names, addresses, purposes, and fees or commissions paid for all agents facilitating projects.
- f. Engineers should encourage the use of certifications specifying zero-tolerance for bribery, fraud, and corruption in all contracts.

Canon 7.

Engineers shall continue their professional development throughout their careers, and shall provide opportunities for the professional development of those engineers under their supervision.

- a. Engineers should keep current in their specialty fields by engaging in professional practice, participating in continuing education courses, reading in the technical literature, and attending professional meetings and seminars.
- b. Engineers should encourage their engineering employees to become registered at the earliest possible date.
- c. Engineers should encourage engineering employees to attend and present papers at professional and technical society meetings.
- d. Engineers shall uphold the principle of mutually satisfying relationships between employers and employees with respect to terms of employment including professional grade descriptions, salary ranges, and fringe benefits.

Canon 8.

Engineers shall, in all matters related to their profession, treat all persons fairly and encourage equitable participation without regard to gender or gender identity, race, national origin, ethnicity, religion, age, sexual orientation, disability, political affiliation, or family, marital, or economic status.

- a. Engineers shall conduct themselves in a manner in which all persons are treated with dignity, respect, and fairness.
- b. Engineers shall not engage in discrimination or harassment in connection with their professional activities.
- c. Engineers shall consider the diversity of the community, and shall endeavor in good faith to include diverse perspectives, in the planning and performance of their professional services.

¹The Society's Code of Ethics was adopted on September 2, 1914 and was most recently amended on July 29, 2017. Pursuant to the Society's Bylaws, it is the duty of every Society member to report promptly to the Committee on Professional Conduct any observed violation of the Code of Ethics.

²In April 1975, the ASCE Board of Direction adopted the fundamental principles of the Code of Ethics of Engineers as accepted by the Accreditation Board for Engineering and Technology, Inc. (ABET).

³In October 2009, the ASCE Board of Direction adopted the following definition of Sustainable Development: "Sustainable Development is the process of applying natural, human, and economic resources to enhance the safety, welfare, and quality of life for all of the society while maintaining the availability of the remaining natural resources."

7.3 Exhibit 3 – Salinas BID range of general benefits

DOWNTOWN SALINAS COMMUNITY BENEFIT DISTRICT – ENGINEER’S REPORT

While every attempt is made to provide CBD services and programs to confer benefits only to those identified assessed parcels within the CBD, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, in all property based assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or “spillover” onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for the Downtown Salinas CBD. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the CBD funded programs and services are specially geared to the unique needs of each assessed parcel within the CBD and are directed specially only to these assessed parcels within the CBD. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these

7.4 Exhibit 4 – SLAIT BID range of general benefits

SLAIT BID – ENGINEER’S REPORT

may also increase business volumes, sales transactions, industrial/commercial occupancies, industrial/commercial rental income and return on investments. BID Funded programs, services and improvements are intended to improve industrial commerce and aesthetic appeal for each assessed parcel within the SLAIT BID and its tenants, patrons, visitors and employees by properly managing the reduction of crime, litter, debris and graffiti, all considered detractions to commerce, industrial/commercial occupancy and rental rates and investment return if not contained and properly managed.

While there is one government owned parcels within the SLAIT BID, it has a long term land and air rights lease to a private third party. There is no government occupancy or use on this parcel, thus it benefits the same as other privately owned parcels within the SLAIT BID.

These benefits are particular and distinct to each and every assessed parcel within the SLAIT BID and are not provided to non-assessed parcels outside of the District. These programs, services and improvements will confer proportionate special benefits to each individual assessed parcel within the proposed BID. The City of Los Angeles does not provide these programs and services.

In the case of the SLAIT BID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services to assessed parcels within the BID boundaries, above and beyond what is being currently funded either via normal tax supported methods or other funding sources. All benefits derived from the assessments to be levied on assessed parcels within the BID are for services, programs and improvements directly proportionately specially benefiting each individual assessed parcel within the BID. No BID funded services, activities or programs will be provided outside of the BID boundaries.

While every attempt is made to provide BID services and programs to confer benefits only to those identified assessed parcels within the BID, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or “spillover” onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-3% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

7.5 Exhibit 5 – Venice Beach BID range of general benefits

VENICE BEACH BUSINESS IMPROVEMENT DISTRICT – ENGINEER’S REPORT

District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIII D Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the Venice Beach BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the Venice Beach BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed Venice Beach BID funded programs and over 30 years of assessment engineering

7.6 Exhibit 6 – San Pedro BID range of general benefits

SAN PEDRO HISTORIC WATERFRONT BID RENEWAL – ASSESSMENT ENGINEER’S REPORT

to be levied on assessed parcels within the PBID are for services, programs and improvements directly benefiting each individual assessed parcel within the PBID. No PBID funded services, activities or programs will be provided outside of the PBID boundaries.

While every attempt is made to provide PBID services and programs to confer benefits only to those identified assessed parcels within the PBID, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the SPHWBID, or “spillover” onto parcels surrounding the SPHWBID, or to the public at large who might be passing through the SPHWBID with no intention of transacting business within the SPHWBID or interest in the SPHWBID itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the SPHWBID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the SPHWBID, general benefit to the public at large within the SPHWBID and general benefit to parcels outside the SPHWBID.

General Benefit – Assessed Parcels within the SPHWBID

PBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed SPHWBID parcels and are only provided for the special benefit to each and every assessed parcel within the SPHWBID. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the SPHWBID are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the PBID funded programs and services are specially geared to the unique needs of each assessed parcel within the PBID and are directed specially only to these assessed parcels within the PBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the SPHWBID as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the SPHWBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed SPHWBID parcels and are only provided for the special benefit to each and every

7.7 Exhibit 7 – South Park BID range of general benefits

GREATER SOUTH PARK BID RENEWAL – ASSESSMENT ENGINEER'S REPORT

assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the GSPBID, or “spillover” onto parcels surrounding the GSPBID, or to the public at large who might be passing through the GSPBID with no intention of transacting business within the GSPBID or interest in the GSPBID itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the GSPBID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the GSPBID, general benefit to the public at large within the GSPBID and general benefit to parcels outside the GSPBID.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that in the GSPBID, 100% of benefits conferred on assessed parcels within the District are distinct and special and that the general benefits conferred on assessed parcels within the GSPBID is 0%. This is because the GSPBID funded programs and services for assessed parcels in the GSPBID are specially geared to the unique needs of each assessed parcel within the GSPBID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the GSPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District, these PBID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within PBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed renewed GSPBID funded programs and over 30 years of assessment engineering

7.8 Exhibit 8 – Historic Core BID range of general benefits

HISTORIC CORE BID RENEWAL – ASSESSMENT ENGINEER'S REPORT

are for services, programs and improvements directly benefiting each individual assessed parcel within the HCBID. No District funded services, activities or programs will be provided outside of the HCBID boundaries.

While every attempt is made to provide District services and programs to confer benefits only to those identified assessed parcels within the HCBID, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the HCBID, or “spillover” onto parcels surrounding the HCBID, or to the public at large who might be passing through the HCBID with no intention of transacting business within the HCBID or interest in the HCBID itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the HCBID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to identified assessed parcels within the HCBID, general benefit to the public at large within the HCBID and general benefit to parcels outside the HCBID.

General Benefit – Identified Assessed Parcels within District

HCBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on identified assessed parcels within the District are distinct and special but in the case of the HCBID, it is projected that there are 0.25% general benefits conferred on these identified assessed parcels. This high ratio of special benefits to general benefits is because the HCBID funded programs and services are specially geared to the unique needs of each assessed parcel within the HCBID and are directed specially only to these identified assessed parcels within the HCBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on identified assessed parcels within the HCBID equates to \$5,593.84 (.25% x \$2,237,537.38).

7.9 Exhibit 9 – Glendale BID range of general benefits

GREATER DOWNTOWN GLENDALE COMMUNITY BENEFIT DISTRICT – ENGINEER’S REPORT

In the case of the Greater Downtown Glendale CBD, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the Greater Downtown Glendale CBD boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance the pedestrian and retail commercial core uses, increase tenancy and marketing of the mix of retail, entertainment, service, office, government, residential and parking properties in the Greater Downtown Glendale CBD and improve the aesthetic appearance of each identified parcel. All benefits derived from the assessments to be levied on parcels within the Greater Downtown Glendale CBD are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased commercial property rental income and improved District identity. No CBD funded services, activities or programs will be provided outside of the Greater Downtown Glendale CBD boundaries.

These special benefits are particular and distinct to each and every assessed parcel within the Greater Downtown Glendale CBD and are not provided to non-assessed parcels outside of the District. The City of Glendale does not provide these supplemental programs, services or improvements.

While every attempt is made to provide CBD services and programs to confer benefits only to those identified assessed parcels within the CBD, the California State Constitution was amended via Proposition 218 to provide that when general benefits exist, either by design or unintentionally, a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or “spillover” onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for the CBD. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large

7.10 Exhibit 10 – Salinas BID percentage passing through

DOWNTOWN SALINAS COMMUNITY BENEFIT DISTRICT – ENGINEER’S REPORT

CBD funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within CBD boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed Downtown Salinas CBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.03 of CBD funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large are limited to the SOBO programs. The dollar value of this general benefit type equates to \$4,860 as delineated in the following chart:

General Benefits To “Public At Large”

	A	B	C	D	E
Program Element	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value (A x D)
SOBO Services	\$270,000	60%	0.03	1.80%	\$4,860

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels outside the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 73 parcels, either tangent to assessed parcels within the District or across streets and alleys from the District boundaries. Of these 73 parcels, 16 parcels are non-commercial. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefits are not conferred on non-commercial parcels lying outside of the District boundaries. This leaves 57 parcels outside of the District that can reasonably be assumed to receive some level of indirect general benefit as a result of CBD funded programs, services and improvements. Of the 57 parcels, 5 parcels have commercial uses and are directly tangent to assessed parcel within the District and 52 parcels have commercial uses but are separated from the District boundaries by either public streets or alleys.

Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 211 identified and assessed parcels within the District; a benefit factor of 0.05 be attributed to general benefits conferred on the 5 commercial parcels tangent to assessed parcels within the District; and, a benefit factor of 0.01 be attributed to general benefits conferred on the 52 commercial parcels across streets and alleys from the exterior boundaries of the District. The cumulative dollar value of this general benefit type equates to \$1,642 (\$533 + \$1,109) as delineated in the chart below.

7.11 Exhibit 11 – SLAIT BID percentage passing through

SLAIT BID – ENGINEER’S REPORT

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Article XIII D of the California Constitution, have used Method #3, the composite district overlay determinant method which will be used for the SLAIT BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

It is noted that the calculation of general benefits is based on the Year 1 – 2016 special benefit base budget of \$791,758, even though the actual Year 1 – 2016 assessment revenues and budget are projected to be about 12% less at \$696,758. It is the opinion of this Engineer that the higher base budget Year 1 – 2016 BID special benefit costs should be factored into the general benefit level determination since these cost levels will be used to determine budgets and assessment rates for the remainder of the proposed BID’s 5 year term.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the SLAIT BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve, the focused nature of the proposed SLAIT BID funded programs, the non-pedestrian friendly industrial nature of the SLAIT BID and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.005 (0.5%) of BID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large are the “Clean and Safe” services. The dollar value of this general benefit type equates to \$3,151 as delineated in the chart below.

7.12 Exhibit 12 – Venice Beach BID percentage passing through

VENICE BEACH BUSINESS IMPROVEMENT DISTRICT – ENGINEER’S REPORT

District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIII D Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the Venice Beach BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the Venice Beach BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed Venice Beach BID funded programs and over 30 years of assessment engineering

VENICE BEACH BUSINESS IMPROVEMENT DISTRICT – ENGINEER’S REPORT

experience, it is the opinion of this Engineer that a general benefit factor of 0.01 (1%) of BID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large are Clean & Safe Programs. The dollar value of this general benefit type equates to \$9,871 as delineated in the following chart:

	A	B	C	D	E
Program Element	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value (D x A)
Clean & Safe Programs	\$1,352,257	73%	0.01	0.73%	\$9,871

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 25 commercial zoned parcels with commercial uses located across streets or alleys on the perimeter of the District. In addition, there are 3 commercial zoned parcels tangent to assessed parcels within the District but outside the City limit.

The 25 parcels outside the District boundaries plus the 3 commercial parcels immediately adjacent to assessed parcels within the District can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 461 identified and assessed parcels within the District; a benefit factor of 0.10 be attributed to general benefits conferred on the 3 commercial parcels tangent to assessed parcels within the District and, a benefit factor of 0.05 be attributed to general benefits conferred on the 25 commercial parcels and uses located across the street from assessed parcels within the Venice Beach BID. The cumulative dollar value of this general benefit type equates to \$6,187 (\$1,197 +\$4,990) as delineated in the following chart:

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Identified & assessed parcels in District	464	1.00	464.00	99.6671%	\$1,852,408
C-Zone commercial use parcels tangent to District	3	0.10	0.30	0.0644%	\$1,197
C-Zone commercial use parcels non-tangent to District	25	0.05	<u>1.25</u>	<u>0.2685%</u>	<u>\$4,990</u>
TOTAL			465.55	100.00%	\$1,858,595

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on assessed parcels within the District, the public at large and parcels outside the District equates to \$16,058 (\$0 + \$9,871 + \$6,187) or 0.86%. For the purposes of this analysis, the general benefit factor of 0.86% will be conservatively rounded up

7.13 Exhibit 13 – San Pedro BID percentage passing through

SAN PEDRO HISTORIC WATERFRONT BID RENEWAL – ASSESSMENT ENGINEER’S REPORT

assessed parcel within the SPHWBID, these PBID funded programs may also provide an incidental general benefit to the public at large within the SPHWBID. Assessment Engineering experience in California has found that generally over 95% of people moving about within PBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the SPHWBID, while the public at large “just passing through” is typically 5% or less. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large include Ambassador/Security and Sanitation, Services (Year 1 estimated cost of \$600,000 – 47% of total budget). Based on experience curves and the nature of the proposed SPHWBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a conservative general benefit factor of 0.02 (2%) of PBID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. The dollar value of this general benefit type equates to \$5,640 as delineated in the following Table:

	A	B	C	D	E
Program Element	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value (D x A)
At Large General Benefit Programs	\$600,000	47.00%	0.02	0.94%	\$5,640

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the SPHWBID boundaries, it is reasonable to conclude that SPHWBID services may confer an indirect general benefit on parcels adjacent to the SPHWBID boundaries. An inventory of the SPHWBID boundaries finds that the District is surrounded by 22 commercial zoned parcels with commercial uses located immediately outside the perimeter of the SPHWBID. In addition, there are 123 residentially zoned parcels with residential uses located immediately outside the perimeter of the SPHWBID.

The 143 parcels directly outside the SPHWBID boundaries can reasonably be assumed to receive some indirect general benefit as a result of PBID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 804 assessed parcels within the SPHWBID, a benefit factor of 0.1 be attributed to general benefits conferred on the 22 commercial parcels and uses located outside the SPHWBID, and a benefit factor of 0.01 be attributed to general benefits conferred on the 123 non-commercial parcels and uses located across the street from assessed parcels within the SPHWBID. The cumulative dollar value of this general benefit type equates to \$5,374 (\$3,455+\$1,919) as delineated in the following Table:

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed parcels within SPHWBID	804	1.00	804.00	99.58%	\$1,274,089
Commercial parcels outside of SPHWBID	22	0.1	2.20	0.27%	\$3,455
Non-commercial use parcels outside of SPHWBID	123	0.01	1.23	0.15%	\$1,919
TOTAL			807.43	100.00%	\$1,279,463

7.14 Exhibit 14 – South Park BID percentage passing through

GREATER SOUTH PARK BID RENEWAL – ASSESSMENT ENGINEER'S REPORT

assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the GSPBID, or “spillover” onto parcels surrounding the GSPBID, or to the public at large who might be passing through the GSPBID with no intention of transacting business within the GSPBID or interest in the GSPBID itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the GSPBID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the GSPBID, general benefit to the public at large within the GSPBID and general benefit to parcels outside the GSPBID.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that in the GSPBID, 100% of benefits conferred on assessed parcels within the District are distinct and special and that the general benefits conferred on assessed parcels within the GSPBID is 0%. This is because the GSPBID funded programs and services for assessed parcels in the GSPBID are specially geared to the unique needs of each assessed parcel within the GSPBID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the GSPBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District, these PBID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within PBID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed renewed GSPBID funded programs and over 30 years of assessment engineering

GREATER SOUTH PARK BID RENEWAL – ASSESSMENT ENGINEER’S REPORT

experience, it is the opinion of this Engineer that a general benefit factor of 0.01 (1%) of GSPBID funded special benefit program costs that might provide an immediate general benefit to the public at large will be applied to these applicable program costs in order to compute the dollar and percent value of general benefits to the public at large. It is the opinion of this Engineer that the programs that may provide immediate general benefits to the public at large are “Clean and Safe”. The dollar value of this general benefit type equates to \$10,836.71 as delineated in the Table below.

	A	B	C	D	E
Program Element	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value (D x A)
Clean and Safe Services	\$1,641,925.86	66.00%	0.01	0.66%	\$10,836.71

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 64 parcels, of which 61 are located within existing PBIDs immediately adjacent to or across a street or alley from the proposed GSPBID (14 parcels within the Downtown Center BID, 1 parcel within the Historic Core BID and 46 parcels within the Fashion District BID). There are 3 parcels west of LA Live Way, the western boundary of the proposed renewed GSPBID and east of the 110 Freeway that are not included in the GSPBID. It is noted that there are 3 non-identified (i.e. not assessed) publicly owned parcels within the proposed GSPBID. The area lying south of the southern boundary of the proposed GSPBID (south of 17th Street) is State owned right of way land for the elevated Santa Monica (10) Freeway. This area south of 17th Street is not subdivided into assessor parcels and is not included in the GSPBID. Further, the area lying west of the western boundary of the proposed GSPBID between Chick Hearn Court and James M Wood Boulevard is State owned right of way land for the elevated Harbor (110) Freeway. This area west of the western boundary of the proposed GSPBID is not subdivided into assessor parcels and is not included in the GSPBID.

Please see pages 23-25 for more detailed discussion regarding assessments on publicly owned parcels within the proposed renewed GSPBID.

The 61 parcels outside the District boundaries within other BIDs plus the 3 parcels outside the District boundaries not in other BIDs, plus the 3 non-identified parcels within and immediately adjacent to assessed parcels within the District can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 2,044 identified assessed parcels within the District; a benefit factor of 0.10 be attributed to general benefits conferred on the 3 non-identified parcels within the proposed renewed GSPBID; and, a benefit factor of 0.01 be attributed to general benefits conferred on the 61 parcels located in other existing BIDs immediately adjacent to or across the street from assessed parcels within the GSPBID, and a benefit factor of 0.05 be attributed to general benefits conferred on the 3 parcels across the street from assessed parcels within the GSPBID. The cumulative dollar value of this general benefit type equates to \$1,289.33 (\$365.89 + \$741.74 + \$181.70) as delineated in the Table below.

7.15 Exhibit 15 – Historic Core BID percentage passing through

HISTORIC CORE BID RENEWAL – ASSESSMENT ENGINEER’S REPORT

General Benefit - Public At Large

While the HCBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these District funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally well over 95% of people moving about within PBID boundaries are engaged in business related to identified assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed HCBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the HCBID funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$8,771.15 as delineated in the following chart:

General Benefits To “Public At Large”

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
Clean & Safe	\$1,633,402.29	0.5%	0.005	\$8,167.01
Administration & Corporate Operations	\$402,756.73	0.1%	0.001	\$402.76
Communications & Development	\$201,378.36	0.1%	0.001	201.38
TOTAL				\$8,771.15

Spillover General Benefits to Parcels Outside of District

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 98 parcels, of which 75 are adjacent to or across a street or alley from the proposed HCBID within other existing BIDs and 23 are not within other BIDs. It is noted that for this segment of the benefit analysis, condominium complexes within and outside of the HCBID are counted as a single parcel rather than the multitude of individually subdivided real property units.

The 98 parcels outside the District boundaries can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 217 identified assessed parcels within the District; a benefit factor of 0.01 be attributed to general benefits conferred on the 75 outside parcels within other BIDs and a benefit factor of 0.05

7.16 Exhibit 16 – Glendale BID percentage passing through

GREATER DOWNTOWN GLENDALE COMMUNITY BENEFIT DISTRICT – ENGINEER’S REPORT

within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on assessed parcels within the District are distinct and special but in the case of the Greater Downtown Glendale CBD, it is projected that there are 0.25% general benefits conferred on these assessed parcels. This high ratio of special benefits to general benefits is because the CBD funded programs and services are specially geared to the unique needs of each assessed parcel within the CBD and are directed specially only to these assessed parcels within the CBD. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on assessed parcels within the CBD equates to \$3,654 (.25% x \$1,461,630).

General Benefit - Public At Large

While the CBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these CBD funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally well over 95% of people moving about within CBD boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed Greater Downtown Glendale CBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the CBD funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$16,058 as delineated in the following chart:

General Benefits To “Public At Large”

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
SOBO	\$875,000	1.50%	0.0150	\$13,125
District Identity	\$290,000	0.50%	0.0050	\$1,450
Administration	\$230,000	0.50%	0.0050	\$1,150

7.17 Exhibit 17 – BLQ BID report (Merrell) survey analysis

Special Benefit

Proposition 218 defines “special benefit” to mean “a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute ‘special benefit.’” The Services, their costs, and assessments have been carefully identified, reviewed, and allocated to confer special and individual benefits pursuant to the provisions of State Law and Proposition 218. These Services are tailored to confer special benefits on particular parcels, not the general public, and are above and beyond services available from the City of Los Angeles, which qualifies these Services as particular and distinct benefits. For example, the proposed landscaping, sanitation, and beautification program provides sidewalk cleaning, street sweeping, pressure washing, trash removal, graffiti removal, sticker removal, and cleaning at the properties that are assessed. Parcels that receive these services are more attractive to customers, employees, tenants, and investors and therefore can function more effectively. These benefits are particular and distinct in that they are not provided to non-assessed parcels outside of the District. Similarly, the proposed marketing and promotions program provides street banners, signage, public right of way clock maintenance, holiday decorations, a website, a newsletter for property owners, branding graphics and advertising, placement of promotional materials in various media, and brochure preparation that target tenants, employees, investors, and owners either individually or as combined sub-groups to communicate the desirability of commercial merchandise or services provided on assessed parcels thereby increasing economic activity including sales, customer traffic, property values, and space rentals to those parcels. Such District marketing and promotions services will not benefit publically owned parcels because they address commercial economic uses and not school or parks uses and therefore do not benefit them. The District will not market or promote public school attendance. Nor will it market or promote use of public parks. The benefits to assessed District parcels are particular and distinct because non-assessed parcels or residentially zoned uses will not be the subject of any District activities. No District services will be provided outside the District boundaries. The special and individual benefit to each parcel from the proposed Services is proportionate to the total amount of the proposed assessment. Each individual assessed parcel’s assessment is no greater than the special and individual benefit it receives from the Services. A quantitative analysis of the special and general benefits is presented below.

As a component in the preparation of this Engineer’s Report, Dr. William Whitney, a Ph.D. Economist with over 40 years experience in analytical modeling was engaged to develop a methodology to quantify special as opposed to general benefits associated with District Services. His work produced a survey that counted the number of individuals engaging in any type of commerce or residing in the District, and thus receiving special benefits of District Services; and, those not so engaged, and thus generally benefitting from District Services. In addition, Whitney’s survey methodology provided a means of calculating the likelihood that its responses were an accurate reflection of the District’s total population.

On February 28 and March 2, 2013 the Whitney survey was administered to pedestrians intercepted at separate random locations throughout the District. The survey asked respondents if they were engaged in any type of commercial activity (i.e. patronizing an eating establishment, shopping, visiting a professional or personal service business, or attending church or a school); or, lived within the District boundaries. A map of the proposed District was available. Every effort was made to include an unbiased cross section of participants. The survey included 565 initial respondents. Of those initial respondents, 19 were deemed to be invalid either because they did not respond to all of the questions or answered a single question twice and were not included in the final sample of 546 used to draw conclusions. Of those 546 valid survey responses, 95.42% indicated that they had or intend to engage in at least one of the described commercial activities within the District as opposed to simply “stroll, walk around, or make a transit connection” (i.e. just pass through the District) with no business purpose.

The survey also found that of the 546 respondents, 97.99% indicated that at least one of the District Services contributed to their decision to come into the area by responding that “cleanliness, like extra trash pick-up, steam cleaning, and graffiti removal” were “very important” or “somewhat important” or that “marketing and promotions like street light banners, flags, or bright signs” were “very important” or “somewhat important.” This response is a measure of the high level of special benefit that assessed parcels receive from District Services.

Based upon the survey sample size of 546, Dr. Whitney calculated that this conclusion is 95.72% likely to represent the population as a whole and can therefore be relied upon. A final survey Response Summary is attached to this Engineer’s Report as Attachment 2. Based on the results of this survey, the Engineer has concluded that each of the proposed District Services provides a special and individual benefit to the assessed parcels within the District.

The Services (landscaping, sanitation, beautification; marketing and promotions; policy development, management, and administration) to be provided by the District are designed to meet specific needs of the properties to improve business within the District area and provide special and individual benefits to each property. The District’s purpose is to fund Services that provide a better kept, cleaner, and more beautiful environment with the goal of increasing pedestrian traffic that increases business levels; and, to perform marketing and promotions efforts that present a more attractive and vibrant area with the same goal. These Services, except for Marketing and Promotions services with respect to publically owned parcels as explained in this Engineer’s Report, also make each individual parcel a more desirable place to live, work, or conduct business. These purposes are the clearly stated reasons for the property owners to create the District. All District Services are over and above any services provided by the City of Los Angeles and are not affected by them.

No parcels zoned for “solely residential” use have been assessed within the District because such parcels are presumed not to benefit pursuant to State Law.

7.18 Exhibit 18 – Arts District BID report (Lowell) survey analysis

SECTION E: SPECIAL and GENERAL BENEFITS

State Law, Proposition 218, and judicial opinions require that assessments be levied according to the estimated special benefit each assessed parcel receives from the activities and improvements. Article XIID Section 4(a) of the California Constitution in part states "only special benefits are assessable" which requires that we separate the general benefits, if any, from the special benefits provided by the proposed activities and improvements. Further clarification from the Golden Hill judicial opinion states that "even *minimal* general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties". A special benefit as defined in Article XIID means a particular and distinct benefit over and above general benefits conferred on real property located in the PBID or to the public at large.

The special benefit to parcels from the proposed PBID activities and improvements described in this Report is equal to or exceeds the total amount of the proposed assessment. Each individual assessed parcel's assessment is no greater than the special benefit it receives from the PBID services. The quantitative analysis of determining the special and general benefit is provided below.

Special Benefit

All special benefits derived from the assessments outlined in this Report are for property related activities directly benefiting each individual assessed parcel in the PBID. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels and that real property in general and the public at large do not share.

The PBID's purpose is to encourage commerce, investment, business activities and improve residential serving uses. The PBID funds activities and improvements to provide a cleaner and safer environment as outlined in Section B with the goal of increasing pedestrian traffic, increasing commerce and filling vacant storefronts, office space and residential properties. By presenting a more attractive, safer and vibrant destination, there is a likelihood of increased pedestrian traffic, increased business activities and improved residential serving uses.

Improving the public safety makes locations more attractive for businesses. When business location decisions are made, "lower levels of public safety lead to increased uncertainty in decision making and can be perceived as a signal of a socio-institutional environment unfavorable for investment. Uncertainty affects the investment environment in general. But in particular, it increases the fear of physical damage to investment assets (or to people) or their returns...Almost universally, places with lower crime rates are perceived as more desirable".¹⁰ Once economic investment occurs within the district, pedestrian traffic and commercial activity will increase. The special benefit to assessed parcels from these services is the likelihood of increased lease rates and tenant occupancy because of the increase in commercial activity and an increase in District customers that follow from having a cleaner and safer area.

Since business and economic development encourages pedestrian traffic and presumably livability we need to quantify the number of people that are in the District that either engage in commerce and/or reside in the PBID. The Arts District Los Angeles contracted with Farrand

¹⁰ "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2

Research to conduct intercept surveys within the PBID boundary to determine to what degree respondents engage in any type of business activity (going to a restaurant; shop for art related items; visit an art gallery; conduct personal business, e.g. visit a bank, beauty salon, tailor, dry cleaner; attend a performing arts event; attend school/take a class, attend a festival or special event). The survey included 397 participants, with a margin of error of 4.9%, and was conducted on December 20 and 22, 2012 at separate locations within the PBID with all efforts made to include an unbiased cross section of participants. The margin of error is determined by calculating the square root of the number of participants and dividing the square root into 1

The intent of the survey is to determine how many of the respondents intend to engage in commerce and/or chose to live within the District and whether any of the PBID activities influenced their decision. If the respondent indicated that they intend to engage in commerce and that any of the PBID activities influenced their decision to be in the District, then the PBID activities provide a special benefit to the assessed parcels. Of the 397 respondents, 325 answered question one "Are you likely to stroll or walk around or simply wait to make a transit connection" that they were likely either today or in the future to engage in this activity. Each of these 325 respondents also answered questions 2 through 7 that they were very likely to slightly likely to engage in one of the economic activities in questions 2 through 7. All 397 of the respondents answered at least one of the questions 2 through 7 that they would engage in at least one of the economic activities. None of the respondents answered both question one positively which would indicate that they had no intention of engaging in any economic activity and questions 2 through 7 negatively which would indicate they have no intent to engage any economic activities listed on the survey. Based upon the answers to survey questions 1 through 7 it means that 397 or 100% of the respondents indicated that they will and intend to engage in at least one of the economic activities asked in the survey as opposed to "just passing through" the PBID with no business purpose. The survey also found that of the 397 respondents all answered that at least one of the PBID activities defined in questions 8 through 12 contributed to their being in the District and engaging in one of the economic activities. None responded that none of the proposed PBID activities contributed to their decision to come to the District and engage in commerce. Therefore 100% did indicate that at least one of the proposed PBID activities will contribute to their decision to come to the District and engage in commerce. The summary from the survey results states:

SUMMARY

	<u>Total</u>
Likely to perform at least one non-strolling/transit connection activity in Q1-Q7:	397 (100%)
Not at all likely to perform any non-strolling/transit connection activities in Q1-Q7:	0 (0%)
Not at all likely to perform any non-strolling/transit connection activities and said "Not at all important" to all features in Q.8-12:	0 (0%)

The final survey results are attached as Attachment A to this report.

Based on the results of the survey as detailed above which determined that at least one of the proposed PBID activities will contribute to their decision to come to the District and engage in commerce, we reasoned that the proposed PBID services and activities provides special benefits to the real property within the PBID. Article XIIID Section 4(a) of the state Constitution states "An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed".

All individually assessed parcels specially benefit from all the PBID activities. In particular, each

7.19 Exhibit 19 – June 30, 2015 email from Tara Devine about Venice Post Office



Garen Yegparian <garen.yegparian@lacity.org>

Re: Venice Beach BID

1 message

Tara Devine <tara@devine-strategies.com>

Tue, Jun 30, 2015 at 11:13 AM

To: Miranda Paster <miranda.paster@lacity.org>, Garen Yegparian <garen.yegparian@lacity.org>, Dennis Rader <Dennis.Rader@lacity.org>, Rick Scott <Rick.Scott@lacity.org>, Rosemary Hinkson <Rosemary.Hinkson@lacity.org>

Ed got me the final ER last night at 10 PM - I am now working to finalize my MDP today and ship everything off to you.

I will also re-send the database as we made one tiny change. After a discussion with Ed, we removed the federal USPS parcel (Venice post office.) It was on the edge of the BID and was not required for a contiguous boundary, so we just removed it from dbase and other docs. It was assessed at zero from the beginning, so it has no effect on other assessments or budget (all dbase numbers remain the same.) Some tables in the extra tabs have also been updated as necessary due to Ed's general benefit calculation (total budget figures.) Otherwise, database is the same as the last submission on April 10.

We have also revised the map for clarity, to delete the USPS parcel, and to reflect all the APNs used in the legal boundary description.

Warmest regards,

TARA DEVINE
DEVINE STRATEGIES
645 West Ninth St., #110-293
Los Angeles, CA 90015
310.430.5121
tara@devine-strategies.com

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On Thu, Jun 25, 2015 at 12:49 PM, Miranda Paster <miranda.paster@lacity.org> wrote:

Thank you Tara. Happy Birthday. I have a VC day tomorrow, I will look for it on Tuesday.

On Thu, Jun 25, 2015 at 12:38 PM, Tara Devine <tara@devine-strategies.com> wrote:

FYI -

Ed said he will have the draft ER done tomorrow. Tomorrow is my birthday (not working!) but I should have the ER and MDP in to you on Monday or Tuesday, before I leave for vacation.

Tara

--

Counting my blessings - Sing and be Happy Today!

http://clerk.lacity.org/stellent/groups/departments/@clerk_master_contributor/documents/contributor_web_content/lacityp_026712.png

7.20 Exhibit 20 – Venice Beach BID ER Post Office listing

VENICE BEACH BUSINESS IMPROVEMENT DISTRICT – ENGINEER’S REPORT

Zone 1	4238014017	1601		S	MAIN ST		\$21,584.96	1.17%
Zone 1	4238014900	1610, 1608		S	PACIFIC AVE		\$7,440.29	0.40%
Zone 2	4238018900	NONE			NONE		\$62,098.43	3.35%
Zone 1	4238021001	200			GRAND BLVD		\$7,637.40	0.41%
Zone 1	4238021025	205			VENICE WAY		\$1,682.79	0.09%
Zone 1	4238021026	1716			MAIN ST		\$6,359.92	0.34%
Zone 1	4238022001	2022			PACIFIC AVE		\$6,766.46	0.37%
Zone 1	4238024900	2102		S	PACIFIC AVE		\$16,166.65	0.87%
Zone 1	4238024902	128		E	VENICE BLVD		\$8,215.66	0.44%
Zone 1	4238024903	206		N	VENICE BLVD		\$2,943.42	0.16%
Zone 1	4238024905	216		E	VENICE BLVD		\$2,629.74	0.14%
Zone 1	4238024906	302		E	VENICE BLVD		\$1,314.87	0.07%
Zone 1	4238024907	319, (319 E VENICE BLVD)		E	SOUTH VENICE BLVD		\$24,976.40	1.35%
Zone 1	4238024908	2106, (200 E VENICE BLVD)		S	CANAL ST		\$4,069.87	0.22%
Zone 1	4238024909	NONE			NONE		\$703.20	0.04%
Zone 1	4238024910	210		N	VENICE BLVD		\$1,314.87	0.07%
Zone 1	4238024911	125		S	VENICE BLVD		\$4,456.56	0.24%
Zone 1	4238025901	NONE			NONE		\$4,073.60	0.22%
Zone 1	4238025902	NONE			NONE		\$22,171.43	1.20%
Zone 1	4238025903	NONE			NONE		\$6,582.00	0.36%
Zone 2	4286003001	202			MAIN ST		\$2,977.65	0.16%
Zone 2	4286003003	241			HAMPTON DR		\$1,239.14	0.07%
Zone 2	4286003004	251			HAMPTON DR		\$1,239.14	0.07%
Zone 2	4286003007	213			ROSE AVE		\$4,288.08	0.23%
Zone 2	4286003008	217			ROSE AVE		\$2,513.82	0.14%
Zone 2	4286003009	219			ROSE AVE		\$4,755.94	0.26%
Zone 2	4286003010	259			HAMPTON DR		\$1,588.03	0.09%
Zone 2	4286003011	257			HAMPTON DR	APT 0007	\$2,819.72	0.15%
Zone 2	4286003013	251			HAMPTON DR		\$1,296.74	0.07%
Zone 2	4286003014	241			HAMPTON DR		\$1,239.14	0.07%
Zone 2	4286003015	228			MAIN ST		\$6,452.56	0.35%
Zone 2	4286003016	224			MAIN ST		\$3,226.28	0.17%
Zone 2	4286003019	206			MAIN ST		\$6,496.00	0.35%
Zone 2	4286003020	248			MAIN ST		\$5,812.08	0.31%
Zone 2	4286003021	212			MAIN ST		\$6,165.04	0.33%
Zone 2	4286004002	220			ROSE ST		\$9,550.73	0.52%
Zone 2	4286004004	212, (300 S MAIN ST)		E	ROSE ST		\$4,065.01	0.22%
Zone 2	4286004006	354			MAIN ST		\$19,525.52	1.05%
Zone 2	4286004007	321			HAMPTON DR		\$7,662.16	0.41%
Zone 2	4286004009	340		S	MAIN ST		\$15,714.40	0.85%
Zone 2	4286005010	300			ROSE AVE		\$37,043.79	2.00%
Zone 2	4286005011	350			HAMPTON DR		\$17,310.64	0.93%
Zone 2	4286006013	363			4TH AVE		\$3,583.00	0.19%

7.21 Exhibit 21 – SLAIT BID map

SLAIT BID – ENGINEER'S REPORT

South Los Angeles Industrial Tract (Goodyear)



7.22 Exhibit 22 – Venice Beach BID map

